



FRONTIER RESOURCES LTD
ABN 96 095 684 389

Interim Financial Report
for the half-year ended 31 December 2009

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Note:

The information contained herein should be read in conjunction with the most recent annual report.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES

A.B.N. 96 095 684 389

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Frontier Resources Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2009.

DIRECTORS

The following persons were directors of Frontier Resources Ltd during the whole of the half-year and up to the date of this report:

Robert D. McNeil
Peter A. McNeil
Graham J. Fish
Warren J. Staude
Hugh David Swain

RESULTS AND DIVIDENDS

The consolidated entity loss after income tax for the half-year is \$546,182 (2008: \$552,096). There is no dividend paid or recommended.

The result for the half-year was significantly affected by expenditure of \$474,969 (2008: \$1,013,371) in respect of exploration expenditure.

REVIEW OF OPERATIONS

During the half-year;

- (i) Raised \$1.37 million in an entitlement issue to Shareholders;
- (ii) Completed the sale of its Jimi project for \$300,000; and
- (iii) Continued its exploration activities in Papua New Guinea and Tasmania.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* immediately follows this report.

This report is made in accordance with a resolution of the directors.



Peter A. McNeil
Managing Director

12 March 2010

12 March 2010

The Directors
Frontier Resources Limited
Unit 6/34 York street
NORTH PERTH WA 6906

Dear Sirs,

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF FRONTIER RESOURCES LIMITED

As lead auditor for the review of Frontier Resources Limited for the half-year ended 2009, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Frontier Resources Limited and the entities it controlled during the period.



Peter Toll
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FRONTIER RESOURCES LIMITED

Matters Relating to the Electronic Presentation of the Half-Year Financial Report

This auditor's report relates to the half-year financial report of Frontier Resources Limited for the period ended 31 December 2009 included on Frontier Resources Limited's web site. The disclosing entity's directors are responsible for the integrity of Frontier Resources Limited's web site. We have not been engaged to report on the integrity of Frontier Resources Limited's web site. The auditor's review report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this half-year report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Frontier Resources Limited, which comprises the balance sheet as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Frontier Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Frontier Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the group incurred a net loss for the half year of \$546,182 (2008: \$552,096) and had a cash balance of \$1,083,961 at 31 December 2009. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the entity's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

BDO Audit (WA) Pty Ltd

BDO


Peter Toll
Director

Signed in Perth, Western Australia
Dated this 12th day of March 2010.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES

A.B.N. 96 095 684 389

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Frontier Resources Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Peter A. McNeil
Managing Director

12 March 2010

**FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Notes	Half-year	
		2009	2008
		\$	\$
Continuing Operations			
Revenue	2	11,455	1,027,892
Interest income	2	545	8,336
Other income	2	297,037	157,196
		309,037	1,193,424
Exploration expenditure written off		(474,969)	(1,013,371)
Gross employee benefit expense		(51,297)	(86,240)
Share based payments expense	8	(87,790)	-
Administration and insurance		(41,107)	(7,293)
Corporate compliance and shareholder relations		(90,576)	(160,439)
Depreciation		(53,521)	(128,969)
Office rental, communications and consumables		(6,853)	(64,423)
Other expenses		(49,106)	(284,786)
Loss from continuing operations		(546,182)	(552,096)
Income tax expense		-	-
Loss after income tax		(546,182)	(552,096)
Other comprehensive income			
Movement in Foreign Currency Reserve		(24,583)	5,576
Total comprehensive income for the half year attributable to the equity holders of the company		(570,765)	(546,520)
Earnings/(Loss) per share for profit/(loss) attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share		(0.33)	(0.38)

This consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Notes	31-Dec-09 \$	30-Jun-09 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,083,961	185,585
Trade and other receivables		37,095	24,617
Total Current Assets		1,121,056	210,202
Non-Current Assets			
Trade and other receivables		84,389	85,273
Property, plant and equipment		483,180	552,781
Mineral exploration and development expenditure		2,176,872	2,176,872
Total Non-Current Assets		2,744,441	2,814,926
Total Assets		3,865,497	3,025,128
LIABILITIES			
Current Liabilities			
Trade and other payables		69,056	116,592
Total Current Liabilities		69,056	116,592
Total Liabilities		69,056	116,592
Net Assets		3,796,441	2,908,536
EQUITY			
Contributed equity	4	17,232,752	15,861,872
Reserves		377,249	314,042
Accumulated losses		(13,813,560)	(13,267,378)
Total Equity		3,796,441	2,908,536

This consolidated statement of financial position should be read in conjunction with the accompanying notes.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2009

Consolidated Entity	\$	\$	\$	\$	\$
	Share Capital Ordinary	Accumulated Losses	Options Reserve	Foreign Exchange Reserve	Total
Balance at 30 June 2008	15,750,208	(11,940,002)	712,353	(430,953)	3,860,007
Correction of error	-	231,599	-	-	231,599
Loss after income tax	-	(552,096)	-	-	(552,096)
Other comprehensive income					
Foreign currency translation	-	-	-	5,576	5,576
Total comprehensive income	-	(552,096)	-	5,576	(546,520)
Balance at 31 December 2008	15,750,208	(12,492,098)	712,353	(425,377)	3,545,086
Balance at 30 June 2009	15,861,872	(13,267,378)	712,353	(398,311)	2,908,536
Loss after income tax	-	(546,182)	-	-	(546,182)
Other comprehensive income					
Foreign currency translation	-	-	-	(24,583)	(24,583)
Total comprehensive income	-	(546,182)	-	(24,583)	(570,765)
Transactions with equity holders					
Shares issued during the year	1,370,880	-	-	-	1,370,880
Options issued during the year	-	-	87,790	-	87,790
Balance at 31 December 2009	17,232,752	(13,813,560)	800,143	(422,894)	3,796,441

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	Half-year	
		2009	2008
		\$	\$
Cash Flows from Operating Activities			
Cash receipts in the course of operations		15,165	1,233,727
Interest received		545	7,194
Payments to suppliers and employees not included as part of exploration and evaluation activities below		(309,114)	(670,801)
Exploration and evaluation activities		(474,969)	(1,013,371)
Goods and Services Tax refunded		-	(42,550)
Net cash flow (outflow) from operating activities	6	(768,373)	(485,801)
Cash Flows From Investing Activities			
Payments for property, plant and equipment		-	(116,631)
Proceeds from sale of property, plant and equipment		-	383,525
Proceeds from sale of exploration tenements		295,869	-
Net cash inflow from investing activities		295,869	266,894
Cash Flows from Financing Activities			
Proceeds from issue of shares (net of share issue costs)		1,370,880	-
Net cash inflow from financing activities		1,370,880	-
Net increase / (decrease) in cash and cash equivalents		898,376	(218,907)
Cash and cash equivalents at the beginning of the half-year		185,585	585,102
Cash and cash equivalents at end of the half-year		1,083,961	366,195

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

These interim financial statements are intended to provide users with an update on the latest annual financial statements of Frontier Resources Limited and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that these financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2009 and any public announcements made by Frontier Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year financial statements have been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The same accounting policies and methods of computation have been followed in these interim financial statements as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Basis of Preparation and Going Concern Basis

The consolidated entity incurred a loss for the half year of \$546,182 (2008: half-year loss of \$552,096) and had a net cash inflow of \$898,376 (31 December 2008: net cash outflow \$218,907) for the six months ended 31 December 2009.

At 31 December 2009 the consolidated entity had cash assets of \$1,083,961 (30 June 2009: \$185,585), working capital of \$1,052,000 (30 June 2009: \$93,610) and net assets of \$3,796,441 (30 June 2009: \$2,908,536).

The Financial Statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the ordinary course of business. The ability of the economic entity to continue to adopt the going concern assumption is dependent upon a number of matters including the successful raising of capital to meet funding requirements and explorations of the economic entity's tenements.

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining tenements.

Accounting Standards not Previously Applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in these financial statements on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in these financial statements include:

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the separate income statement/single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard.

Operating Segments

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the group's chief operating decision maker which, for the Group, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position.

Business Combinations and Consolidation Procedures

Revised AASB 3 is applicable prospectively from 1 July 2008. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the Group, include the following:

- All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date.
- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

2. REVENUE

	2009	2008
	\$	\$
Revenue from continuing operations:		
Drilling contract income	11,455	1,027,892
Interest Income	545	8,336
	<u>12,000</u>	<u>1,036,228</u>
Other Revenue:		
Gain on Sale of Asset	294,679	55,408
Other	2,358	101,788
	<u>297,037</u>	<u>157,196</u>

3. OPERATING SEGMENTS

This is the first time the Group has adopted AASB8 Operating Segments. The accounting policies used by the Group in reporting segments are in accordance with the measurement principles of Australian Accounting Standards.

The consolidated entity operates predominantly in the mining industry. This comprises exploration and evaluation of gold, silver and base metals projects. Inter-segment transactions are priced at cost to the consolidated entity.

The Board of Directors are the chief operating decision makers. The consolidated entity has identified its operating segments based on the internal reports that are provided to the Board of Directors on a monthly basis. Management has identified the operating segments based on the two principal locations of its projects - Australia and Papua New Guinea. The Australian segment is the exploration of Tasmanian gold and base metal resources, while the PNG segment explores for copper and gold deposit.

Segment assets include the cost to acquire the tenement and the capitalised exploration costs of those tenements.

	GEOGRAPHICAL SEGMENTS			
	Half Year	Australia \$	Papua New Guinea \$	Consolidated \$
Revenue from operations	Dec-09	11,765	2,593	14,358
	Dec-08	344,620	683,272	1,027,892
Other income	Dec-09	-	294,679	294,679
	Dec-08	51,669	113,864	165,533
Segment results	Dec-09	(393,281)	(152,901)	(546,182)
	Dec-08	(748,234)	196,138	(552,096)
Segment assets	Dec-09	3,703,137	162,360	3,865,497
	Jun-09	2,853,680	171,448	3,025,128
Segment liabilities	Dec-09	38,165	30,891	69,056
	Jun-09	107,178	9,413	116,591

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

4. EQUITY SECURITIES ISSUED

Issues of ordinary shares during the half-year	2009 Shares	2008 Shares	2009 \$	2008 \$
Rights issue	39,221,495	-	1,370,880	-
	39,221,495	-	1,370,880	-

Issues and exercise or cancellation of options during the half-year	2009 Options	2008 Options
Issue of employee options	3,200,000	-
Issue of Directors options	6,500,000	-
	9,700,000	-

5. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

During January 2010, employees were issued 1,290,000 unlisted options.

There were no other events subsequent to balance date.

6. OPERATING CASH FLOW RECONCILIATION

	CONSOLIDATED	
	31-Dec-09 \$	31-Dec-08 \$
Reconciliation of the operating loss after income tax to the net cash flow from operations		
Operating loss after income tax	(546,182)	(552,096)
Adjustment for non cash items:-		
- Loss/(Gain) on disposal of fixed assets	(294,679)	(32,787)
- Depreciation and amortisation expense	53,521	128,969
- Non-cash employee benefit expense – share-based payments	87,790	-
- Net exchange differences	(8,809)	5,577
Change in operating assets and liabilities:-		
- Accounts payable and provisions	(47,635)	(86,256)
- Amounts receivable	(15,296)	(863)
- Asset WIP	-	51,655
- Net GST Recoverable	2,917	-
Net cash (outflow) from operating activities	(768,373)	(485,801)

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

7. COMMITMENTS AND CONTINGENT LIABILITIES

	31-Dec-09	31-Dec-08
	\$	\$
Exploration Expenditure Commitments		
In order to maintain rights of tenure to exploration tenements the company and the consolidated entity are required to perform exploration work to meet the minimum expenditure requirements as specified by various governments. Outstanding obligations are not provided for in the accounts and are payable:		
Not later than 1 year	787,115	670,588
Later than 1 year but not later than 5 years	1,009,725	791,176
Later than 5 years	111,732	-
	1,908,571	1,461,764

8. RELATED PARTY TRANSACTIONS

During the period, the Directors were issued 6,500,000 options, as detailed below:

Director	Exercise Price	Expiry Date	Quantity	Value
Graham Fish	\$0.04	31 Dec 2012	500,000	\$14,450
Graham Fish	\$0.05	31 Dec 2012	500,000	\$14,700
Peter McNeil	\$0.04	31 Dec 2012	1,000,000	\$28,900
Peter McNeil	\$0.05	31 Dec 2012	1,000,000	\$29,400
Robert McNeil	\$0.04	31 Dec 2012	750,000	\$21,675
Robert McNeil	\$0.05	31 Dec 2012	750,000	\$22,050
Warren Staude	\$0.04	31 Dec 2012	500,000	\$14,450
Warren Staude	\$0.05	31 Dec 2012	500,000	\$14,700
Hugh Swain	\$0.04	31 Dec 2012	500,000	\$14,450
Hugh Swain	\$0.05	31 Dec 2012	500,000	\$14,700

One twelfth of the value has been expensed in the period, as the options will vest after twelve months.